

## European Investors Council Monthly Newsletter



The global economy is undergoing a digital transformation as well, and it's happening at breakneck speed. Kosovo, as a small country with limited capacities to compete with large economies can benefit from digitalization process. In this edition of EIC newsletter we are bringing to our readers the opinion of Ardian Shehu, Business development director at ASSECO-SEE, a tech firm which received the prize "Impact Star" last year from Deloitte.

**Interview with Ardian Shehu, Business Development director, at ASSECO-SEE**

*Interviewed by: Majlinda Aliu*

Digital transformation might be another stage but the information technology is largely affecting the economy and shaping it for the last 30 years and more. Smart phones, internet of things, social media, video streaming, etc, has all overwhelmingly raised the interaction of people and in business term “end customers” as well as a customer in general. It defined new ways for marketing and for executing business transactions. This is how digital transformation is explained by Mr. Ardian Shehu, Business development director, at ASSECO-SEE, a successful tech firm that operates in the South East Europe.

Asked how would he evaluate the digital transformation in Kosovo, and what should be done by institutions and companies in fostering the digitalization process? Mr. Shehu says that *“Kosovo is following worldwide trends in digital transformation with limitation that Kosovo’s economy has, but also with the lack of focus of the government. Stakeholders and business owners have to prioritize digital transformation projects and that might raise the demand. Government and other stakeholders (ex. development funds) might develop programs to support the industry directly but also the economy in general toward digitalization. Some examples of how this can be done were noted in the Policy document on Digital climate in Kosovo by EIC,”* he adds. According to him, one of the advantages of “digital” is that boundaries diminishes and despite the unjust fact that Kosovo is unfortunately most isolated country in Europe the digitalization process might bring business opportunities here as well. In fact it did and we can see now lot of IT startups and companies specializing in different digital areas, such as platforms for digital markets, e-shops, and e-commerce, as well as marketing and social media services and consultancy providers, and IT security services, says the business development director at Asseco SEE. Asseco SEE is mostly focused in providing software platforms to specific clients, such as financial institutions but also government and private companies. Their solutions supports different processes in the company but they are also provide digital channels as mobile, e-banking, digital loan origination, Contact Centre solutions, Virtual Branch solution, etc. *“We see increase in demand but we also face obstacles that as we know from our sister companies in the region they don’t have. Even though the law on digital signature is drafted for some time now it still didn’t pass the approval procedures for a ridiculous long time, our parliament is practically not functioning for some time. The law is not everything and lot of the things can be done with existing legal*

*infrastructure, but it would clear the path and make it easier for actors in economy in general to guide their way to digitalization and also it would help the industry in raising demand,”* says Shehu.

Creating governmental stability after a marathon of election processes in the recent year could contribute to sustainable policies, in particular on digital transformation. Mr. Shehu expects that the new Prime Minister to come Mr. Albin Kurti, who has some relation to IT, from his student days, the industry might find an ally on him. *“Perhaps this is interesting information for your readers, in 1996, 25 years ago, students of Faculty of Electrical Engineering in UP founded their magazine, we named it back then “IMPULSI”. Albin Kurti was its first chief editor and the main topic in first edition was Internet.”*

The pandemic Covid19 has hit hard all aspects of life, the aftermath is a weaker economy, and growth has experienced a dramatic fall. On the other hand, it is considered that the IT sector has flourished, mostly as a result of lockdown and working from home practice. But Mr. Ardian Shehu that comes from this sector argues to this, adding that the sector would probably be in a better situation without Covid19. *“It is true that it suffered less than other sectors. It also might speed some of the projects that had to go fast digital. Online sale and online transaction rose, some of the companies with specific solutions might have had better business. Worldwide most of IT companies valuation rose – stock value as well as digital currencies but it was on my opinion more related to market perception. Market evaluated this industry as less vulnerable,”* he says.

Questioned about the performance of this sector and how much has it changed since the pandemic started a year ago? Ardian Shehu says that Asseco SEE had a very good business in Croatia Contact Centre and Omnichannel Solution and in Romania with digital signature hub solution but that did not reflect in Kosovo and Albania. *“It might be related to maturity of the clients and their business models. One thing that I see positive is that it help raise the awareness of necessity*



Ardian Shehu, Business Development director, at ASSECO-SEE

*of digital solutions and that will probably bring more projects and more business for the industry,” he says.*

Building the necessary infrastructure and increasing cyber security has its cost and requires professional human capacities. How much can the security of online transactions affect/prolong development of digital economy?

*The security is a part of any IT project, it is a “must component” and in my opinion, I would not classify it as something that prolongs development of digital economy. It for sure takes resources but it is part of a project as all other components of the projects. For sure any solution that allows remote access, business transactions online, payments, exchange of sensitive information should very much be secure. In Kosovo there are companies that are well established in the market as Asseco that can support local clients in this area with their services and solutions, as example our solution on “Strong multi-factor authentication”. There are now also new companies specialized in IT security that are based in Kosovo but supporting projects worldwide as example Sentry-Cybersecurity. They are good example how a local company can develop competences and go beyond boundaries.*

Kosovo is a small and irregular market, and in the global competition there are always two sides of the coin. The question is: is the size of the market a barrier or an advantage in developing digital economy? Shehu estimates that, there are no advantages in being small market, nether an irregular one. It is perhaps more easier to experiment in small market but it’s probably the only advantage. Following the successful example of Asseco, a company that operates as a cluster for Kosovo and Albania, and implement joint projects with North Macedonia, Mr. Shehu strongly advises other companies to follow their example. *“Expanding the market is necessity to scale and digital economy is among others economy of scale. If the integration with EU will need to take time we can try to integrate this two markets in order to offer more scale to industry and therefore help it develop. A an example, I had a conversation with another member of EIC on how there can be established joint payment processing center for both countries. Some digital marketplaces are already operating in both countries but both governments and other stakeholders can take actions and have strategies to regulate and ease it. Since I was working and living for 10 years in Tirana I have a strong sentiment towards this cooperation.”*

ASSECO, among 50 other tech firms from the South East Europe, last year received the prize “Impact Star” from Deloitte. The positive impact on the society, business, innovation and environment are the main factors evaluated by the awarding body. Mr. Shehu was asked what does this award means to his firm and what it takes for a company to mark such achievements.

*“The award is appreciation for the work and commitment of each and everyone in our team. I thank all our employees for this achievement. We tend to promote certain culture in the company and fortunately, we are at an industry that with successful projects we get to make a social impact. Beyond the operation area of a company, we have employees that are regular blood donors for Transfusion center and we try to help certain cultural and sport activities,” says Ardian Shehu, from Asseco-SEE. While asked what would he recommend to other firms in particular in making social impact, he quotes Adam Smith by saying: “By pursuing his own interest (the individual) frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good.”*

He also recommends using advantages that the law on sponsorship for sport and cultural activities and organizations provides by supporting these activities.

Asseco is a member of the EIC, how would you estimate the work of the council throughout these difficult months?

*Ardian Shehu: “EIC was very much engaged during this time and I would like to use the opportunity and thank and also compliment Emrush and the team for their work. I got the chance in several occasions during EIC activities to exchange options and ideas and also to learn from other respectable EIC members on many issues. Keep on with the good work.”*

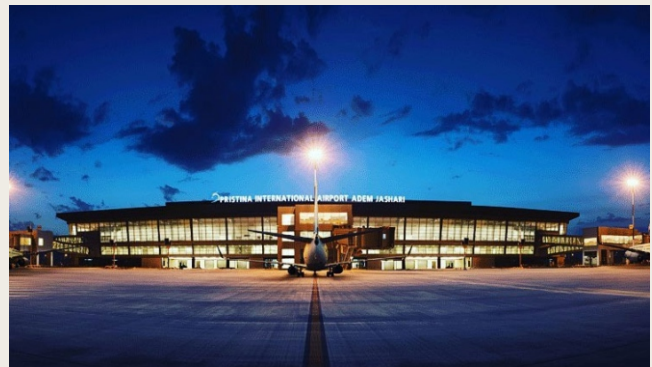
*“My message is invest on digital transformation but never stop investing in your team. The successful projects are run and executed by strong and dedicated team.” Ardian Shehu.*

### The insurance sector requests from the judiciary to change policies on compensatory of damages

The Executive Director of EIC, Mr. Emrush Ujkani, accompanied by members of the insurance sector, met the Director of the Judicial Council, Mr. Shkelzen Maliqi. The purpose of the meeting was to help in improving the legal infrastructure in the insurance sector. During this meeting, special attention was paid to policies related to damage compensation procedures. Similar meetings are expected to happen with other instances within the justice system, aiming to contribute in regulating procedures compensation of damages from insurance companies. The EIC aims to organize the next meeting with the head of the Supreme Court, Mr. Enver Peci, where representatives of insurance companies such as SIGMA, SIGAL and ILLYRIA, will have the chance to address their concerns and recommendations in this matter. In the course of these meetings, the EIC will also meet with representatives of the draft Civil Code, to discuss in more detail the provisions set out in the part of the obligation relations that refer to the compensation of damage. Through such activities, EIC aims to work on creating facilities and a suitable environment for foreign investors, contributing to the improvement of the legal infrastructure, said Mr. Ujkani.

### New air routes established over Kosovo with NATO support

Civilian airlines can now use new south-west air routes in the lower airspace over Kosovo. Iceland's Transport Safety Agency (ICETRA) is now acting as a Safety Oversight Function in support to the KFOR Commander, who retains primary authority for the use of the airspace over Kosovo. It performs the scrutiny of all the technical solutions that allow for the establishment of new direct routes, in the lower airspace, between Pristina and other cities. This is an important achievement in the normalization of the lower airspace over Kosovo, which has been carried out with support through NATO's Balkans Aviation Normalization process. It will help to significantly improve the civil air traffic routing to and from Pristina airport, with multiple benefits including faster travel, lower fuel consumption and reduced pollution. Through the Icelandic Transport Safety Agency's contribution, technical agreements have also been signed between the Albanian Air Navigation Service Provider (Albcontrol) and the Air Navigation Service Provider in Pristina (ASHNA), for the establishment of new direct routes to Pristina through Albania. NATO has been supporting the process of normalizing the use of the airspace over Kosovo since 1999, by leading the Balkans Aviation Normalizations Meetings. In 2014, the upper airspace over Kosovo was reopened. This was made possible by the contributions provided by the Hungarian Air Navigation Service Provider (HUNGAROCNTRON), which undertook the responsibility to control flights above 21.000 feet.



### Introduction and development of Factoring, a unique example in Raiffeisen Bank Kosovo

“Factoring” is a transaction product that Raiffeisen Bank was the first financial institution to bring it to Kosovo market in 2012. This financial product has a significant role for businesses and it provides more security and opportunities to intensify partnerships. Factoring contributes to decrease the level of trade receivables and increase the cash flow, which will improve customer’s balance sheet standing and the funds can be used according to the suppliers needs. As no tangible guarantees are needed the product is available for companies which are not able to secure a loan or are using the collateral for other forms of credits – investments, projects, etc. The financing in the factoring is based on the quality of the receivables. In 2019, Raiffeisen Bank has launched also Reverse Factoring for Corporate and SE customers in which process the bank faced challenges, mainly in defining the proper IT infrastructure to support this product. Another challenging aspect was the fact that “Factoring” was a new and unknown product for clients. Therefore, Raiffeisen Bank created an Agile Center of Excellence that served as an Innovation Hub for businesses and the IT sector. Then, the bank conducted both marketing campaigns and awareness visits to our customers to inform their consumers about “factoring” which changed their perception and made the product desirable for the market. The bank has drafted a strategy that would cluster most-suited customers and expand the product range in response to business needs.



*Florentina Demi, Product Manager, at Raiffeisen Bank Kosovo*

### ProCredit Bank donated 10 laptops to the UP

The Faculty of Philosophy at the University of Prishtina, has received a donation of 10 personal computers from ProCredit Bank. The dean of the Faculty of Philosophy Prof. Dr. Dashmir Bërxulli, thanked ProCredit Bank for the donation, emphasizing that this assistance comes at a time of increased need for technological equipment due to the development of online learning during the pandemic. While the representative in this meeting from ProCredit Bank Mrs. Albina Metaj-Ajvazi pledged a continuing support in the future for the Faculty of Philosophy. The dean Mr. Bërxulli appreciated the long term cooperation with ProCredit Bank, showing gratitude for bank’s continuous support for the University of Prishtina and its community. Participants in this meeting were also, Prof. Assoc. Dr. Muhamet Qerimi, Vice Dean for Finance and Infrastructure and Prof. Ass. Dr. Selim Bezeraj, Vice Dean for Teaching and Student Affairs.



### Sharrcem


Sharrcem, is a company founded in 1936 and in 2010 the company was acquired by TITAN Group, following Kosovo's privatization process. Sharrcem is the only producer and leading supplier of cement in Kosovo. One year after the privatization, Sharrcem has significantly upgraded its technology and techniques for the production of raw materials and cement and initiated the application of high standards, integrated at all operating levels. The aim of the company is to serve customers in the region with high quality products and services while creating long term and sustainable profitability for their business. "We offer a


*working environment that creates development opportunities based on performance, attitude and skills. We treat each other with mutual respect and trust, sharing information and knowledge, as well as the benefits of company success, throughout all levels,"* says the company in a statement. Sharrcem is committed to building a better future together with the people of Kosovo therefore the company also strives to operate as a responsible corporate citizen, contributing to the development of their business as well as the community. Sharrcem has created sustainable long-term profitability for their shareholders in the context of social responsibility and prosperity.

# SHARRCEM

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